MAY 25 1936

1935

EIGHTY-SECOND

ANNUAL REPORT

OF THE

BOARD OF DIRECTORS

OF THE

CHICAGO, BURLINGTON & QUINCY
RAILROAD COMPANY

TO THE

STOCKHOLDERS

FOR THE YEAR ENDED DECEMBER 31, 1935

Burlington Route

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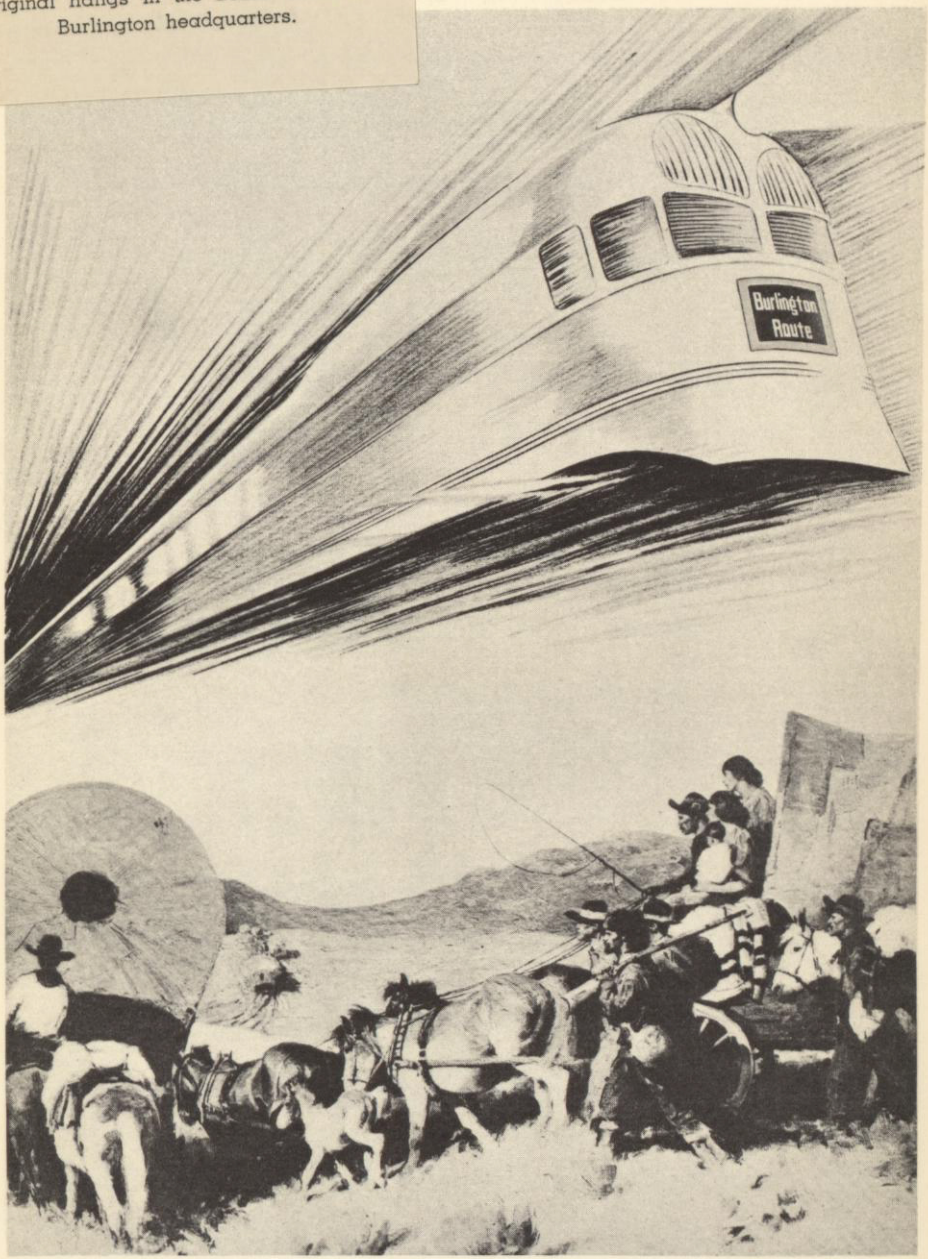
The top illustration is reproduced through the courtesy of CIVIL ENGINEERING.

The lower one is from the painting *"The Path of Empire"* by Frank Hoffman. The original hangs in the Board Room at Burlington headquarters.



The Path of Empire

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EIGHTY-SECOND

ANNUAL REPORT

OF THE

BOARD OF DIRECTORS

OF THE

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

TO THE

STOCKHOLDERS

FOR THE YEAR ENDED DECEMBER 31, 1935

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

DIRECTORS

HINCKLEY G. ATWOOD.....Chicago
LAIRD BELL.....Chicago
STEPHEN BIRCH.....New York
RALPH BUDD.....Chicago
CHARLES DONNELLY.....St. Paul
EDWARD FLYNN.....Chicago
CHARLES F. GLORE.....Chicago
ARTHUR CURTISS JAMES.New York
CHARLES O. JENKS.....St. Paul
GRENVILLE KANE.....New York
FRANK B. KELLOGG.....St. Paul
WILLIAM P. KENNEY.....St. Paul
BRUCE SCOTT.....Chicago
GEORGE T. SLADE.....New York
R. DOUGLAS STUART.....Chicago
WALLACE C. WINTER.....Chicago
ROBERT E. WOOD.....Chicago

EXECUTIVE COMMITTEE

RALPH BUDD.....Chairman

STEPHEN BIRCH	GRENVILLE KANE
CHARLES DONNELLY	WILLIAM P. KENNEY
ARTHUR CURTISS JAMES	BRUCE SCOTT

OFFICERS

RALPH BUDD.....*President and Chairman of Executive Committee, Chicago*
EDWARD FLYNN.....*Executive Vice-President, Chicago*
HORACE H. HOLCOMB.....*Vice-President, Chicago*
BRUCE SCOTT.....*Vice-President and General Counsel, Chicago*
CHARLES I. STURGIS.....*Vice-President, Secretary and Treasurer, Chicago*
THOMAS J. THOMAS.....*Assistant to President, Chicago*
ANDREW T. WILLIAMS.....*Assistant Secretary and Assistant Treasurer, Chicago*
EDITH JARVIS ALDEN.....*Assistant Secretary and Transfer Agent, Chicago*
BERT VICKERY.....*Assistant Treasurer, Omaha*
EDWARD M. SHELTON.....*Assistant General Counsel, Chicago*
JAMES CHARLES JAMES.....*General Solicitor, Chicago*
HERBERT W. JOHNSON.....*Comptroller, Chicago*
HARRY D. FOSTER.....*General Auditor, Chicago*
ALBERT W. NEWTON.....*Chief Engineer, Chicago*
WILLIAM W. HENDERSON...*Transfer Agent, Chicago*

NICHOLAS TERHUNE.....
NICHOLAS STOCKHAMMER } *Fiscal Agents, 2 Wall Street, New York*

EUGENE A. BERNHOLZ....
WILLIAM H. VANDERCAR. } *Transfer Agents, 2 Wall Street, New York*

STATE STREET TRUST COMPANY ..... } *Fiscal Agent and Transfer Agent, State and Congress Sts., Boston*

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Chicago, January 2, 1936

TO THE STOCKHOLDERS OF THE CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY:

The following is the report of your Board of Directors for the year ended December 31, 1935:

COMPARATIVE STATEMENT OF INCOME, YEARS ENDED DECEMBER 31

Percent of Ry. Oper. Revenue	1935	RAILWAY OPERATING REVENUES	1934	Percent of Ry. Oper. Revenue
80.58	$ 66,817,188.77	Freight	$ 64,815,017.90	80.73
8.41	6,978,101.05	Passenger	6,749,237.57	8.41
4.67	3,873,391.51	Mail	3,685,394.37	4.59
1.83	1,515,516.01	Express	1,603,841.09	2.00
2.39	1,982,766.15	All other transportation	1,857,108.33	2.31
1.56	1,293,409.03	Incidental	1,133,133.87	1.41
.56	464,836.15	Joint facility	444,425.98	.55
100.00	$ 82,925,208.67	Total railway operating revenues	$ 80,288,159.11	100.00
		RAILWAY OPERATING EXPENSES		
13.05	$ 10,824,581.24	Maintenance of way and structures	$ 9,860,326.88	12.28
18.03	14,950,519.80	Maintenance of equipment	12,431,389.18	15.48
3.14	2,600,468.18	Traffic	2,527,662.59	3.15
37.20	30,844,331.66	Transportation	28,564,565.45	35.58
1.07	891,720.32	Miscellaneous operations	741,533.97	.92
3.39	2,810,197.04	General	4,082,234.25	5.09
Cr. .46	Cr. 377,434.48	Transportation for Investment—Credit	Cr. 199,729.73	Cr. .25
75.42	$ 62,544,383.76	Total railway operating expenses	$ 58,007,982.59	72.25
24.58	$ 20,380,824.91	Net revenue from railway operations	$ 22,280,176.52	27.75
.....	$ 5,983,920.25	Railway tax accruals	$ 5,783,596.67	.....
.....	23,229.28	Uncollectible railway revenues	25,123.45	.....
.....	$ 14,373,675.38	Railway operating income	$ 16,471,456.40	.....
.....	1,954,134.02	Hire of equipment—Net	1,679,712.04	.....
.....	2,191,186.53	Joint facility rents—Net	2,140,808.00	.....
.....	$ 10,228,354.83	Net railway operating income	$ 12,650,936.36	.....
		OTHER INCOME		
.....	$ 714,925.39	Miscellaneous rent income	$ 714,946.38	.....
.....	363,228.32	Dividends and miscellaneous interest	537,344.43	.....
.....	2,739.73	Miscellaneous income	1,877.30	.....
.....	$ 1,080,893.44	Total other income	$ 1,254,168.11	.....
.....	$ 11,309,248.27	Total income	$ 13,905,104.47	.....
		MISCELLANEOUS DEDUCTIONS FROM INCOME		
.....	$ 32,402.21	Miscellaneous rents	$ 27,887 28	.....
.....	5,842.90	Miscellaneous income charges	7,735.30	.....
.....	$ 38,245.11	Total Miscellaneous deductions	$ 35,622.58	.....
.....	$ 11,271,003.16	Income available for fixed charges	$ 13,869,481.89	.....
		FIXED CHARGES		
.....	$ 152,691.62	Rent for leased roads	$ 150,541.86	.....
.....	9,084,635.00	Interest on funded debt	9,084,635.00	.....
.....	45,561.70	Interest on unfunded debt	34,273.82	.....
.....	145,271.04	Amortization of discount on funded debt	145,271.04	.....
.....	$ 9,428,159.36	Total fixed charges	$ 9,414,721.72	.....
.....	$ 1,842,843.80	Income after fixed charges	$ 4,454,760.17	.....
		DISPOSITION OF NET INCOME		
.....	$ 1,842,843.80	Income balance transferred to profit and loss	$ 4,454,760.17	.....

NOTE: The freight revenue reported above is after emergency rate reductions account drought, relief movements, etc.

STATISTICS OF OPERATIONS

ITEMS	1935	1934
Average mileage of road operated (miles)	9,035.66	9,143.98
TRAIN MILES		
Freight	13,445,997	13,107,667
Passenger	12,911,415	12,428,604
Mixed	1,509,098	1,611,043
Special	2,679	1,358
Total transportation service	27,869,189	27,148,672
Work service	198,219	113,411
LOCOMOTIVE MILES		
Freight	14,615,079	14,168,132
Passenger	9,763,085	9,431,494
Mixed	1,420,770	1,507,358
Special	2,792	1,571
Train and yard switching	5,834,872	6,245,693
Total transportation service	31,636,598	31,354,248
Work service	488,610	368,980
CAR MILES		
Freight train—loaded	355,066,965	345,685,948
" " —empty	231,649,532	235,886,258
Sum of loaded and empty	586,716,497	581,572,206
Freight train—caboose	13,239,009	12,754,375
Freight train—exclusive work equipment	3,244,509	2,579,302
" " —total	603,200,015	596,905,883
Passenger train—passenger	23,893,474	24,010,515
" " —sleeping, parlor and observation	21,595,712	20,747,598
" " —dining	3,862,224	3,646,284
" " —other	30,708,485	29,651,102
" " —total	80,059,895	78,055,499
Mixed train	9,437,081	10,306,075
Special train	65,627	32,347
Total transportation service	692,762,618	685,299,804
Work service	979,626	663,442
FREIGHT SERVICE		
Tons—total	31,323,724	30,647,226
Ton miles—total	9,052,839,200	8,541,920,200
PASSENGER SERVICE		
Passengers carried—revenue	7,798,232	7,582,128
Passenger miles—revenue	424,789,338	425,949,359

STATISTICS OF OPERATIONS—Continued

ITEMS	1935	1934
AVERAGES PER MILE OF ROAD		
Freight-train miles	1,632	1,574
Passenger-train miles	1,760	1,677
Mixed-train miles	682	599
Transportation service train-miles	3,084	2,969
Work-train miles	22	12
Transportation service—locomotive miles	3,501	3,429
Freight service car-miles	67,818	66,498
Passenger service car-miles	9,768	9,511
Freight revenue	$ 7,432.14	$ 7,139.30
Passenger service train revenue	$ 1,498.27	$ 1,441.67
Operating revenues	$ 9,177.55	$ 8,780.44
" expenses	$ 6,921.95	$ 6,343.84
Net operating revenues	$ 2,255.60	$ 2,436.60
Ton-miles—revenue freight	836,726	786,151
" " —all freight	1,001,901	940,883
Passenger-miles—revenue	49,956	49,656
AVERAGES PER TRAIN-MILE		
Loaded freight car-miles	24.96	24.87
Empty freight car-miles	16.20	16.86
Ton-miles—revenue freight	522.28	506.60
" " —all freight	628.54	606.30
Passenger train car-miles	6.17	6.25
Revenue passenger-miles	31.55	32.62
Freight revenue	$ 4.64	$ 4.60
Passenger service train revenue	$ .95	$ .95
Operating revenues	$ 2.97	$ 2.96
Operating expenses	$ 2.24	$ 2.14
Net operating revenues	$ .73	$ .82
AVERAGES PER LOADED FREIGHT CAR-MILE		
Ton-miles—revenue freight	20.92	20.37
" " —all freight	25.18	24.38
Freight revenue	$ .18584	$ .18498
AVERAGES PER CAR-MILE PASSENGER		
Passenger-miles—revenue	8.99	9.12
Passenger revenue	$ .14761	$ .14455
MISCELLANEOUS AVERAGES		
Miles hauled—revenue freight	295.52	284.05
" " —non-revenue freight	260.78	254.46
" " —all freight	289.01	278.72
" carried—revenue passengers	54.47	56.18
Revenue per ton of freight	$ 2.62492	$ 2.57953
" " ton-mile of freight	$ .00888	$ .00908
" " passenger	$ .89483	$ .89015
" " passenger-mile	$ .01643	$ .01585
Operating ratio	75.42%	72.25%

OPERATING REVENUES:

Total Operating Revenues for 1935	**$82,925,209**	
Total Operating Revenues for 1934	**80,288,159**	
Increase	**$ 2,637,050**	**3.28%**

The increase was arrived at as follows:

Freight	**Increased**	**$ 2,002,171**	**3.09%**
Passenger	**Increased**	**228,863**	**3.39%**
Mail	**Increased**	**187,997**	**5.10%**
Express	Decreased	88,325	5.51%
Other transportation revenue	**Increased**	**125,658**	**6.77%**
Demurrage	Increased	3,601	4.18%
Other incidental operating revenues	**Increased**	**177,085**	**11.87%**
Increase		**$ 2,637,050**	**3.28%**

A comparison of carloads shows:

Total cars (all commodities) in 1935	**844,557**	
Total cars (all commodities) in 1934	**858,977**	
Decrease	14,420	1.68%
Total cars (all commodities) 10-year average	1,131,101	

Comparison by classes of commodities 1935 with 1934:

Tons carried in 1935	**25,454,988**		
Tons carried in 1934	**25,126,645**		
Increase	328,343	1.31%	
Tons carried, 10-year average	35,018,558		

	Revenue	Increase	Tons	Increase
Products of Agriculture	$11,546,240	$ 930,541*	4,749,891	488,053*
Animals and Products	7,915,250	3,728,897*	1,336,024	739,493*
Products of Mines	14,080,756	1,527,252	10,488,864	677,532
Products of Forests	3,840,195	852,943	1,333,837	263,113
Manufactures and Miscellaneous	26,916,713	3,632,282	7,066,121	623,932
Less Carload Tonnage	6,162,584	62,348	480,251	8,688*
Total	$70,461,738	$1,415,387	25,454,988	328,343

*Decrease

NOTE: "Revenue" is gross freight revenue without adjustment for absorptions or corrections.

The Interstate Commerce Commission authorized, effective April 18, 1935, to continue until June, 1936, an emergency increase in freight rates amounting to approximately 3.09%.

The outstanding feature of the traffic situation in 1935 was the loss of livestock, feed and grain products, as a result of the drought in 1934 and a flood in the Republican River Valley—the most disastrous combination in the history of the railroad.

EXPLANATION OF FREIGHT INCREASE:

Products of agriculture decreased 7.46% in revenue and 9.32% in tonnage.

Wheat increased 44.03% in revenue and 35.06% in tonnage.

Corn decreased 58.70% in revenue and 59.09% in tonnage.

Sugar beets increased 11.74% in revenue and 8.51% in tonnage.

The total production of corn was in excess of 1934, but very little of the new crop moved. The 1934 crop was so unusually light that there was scarcely any old corn transported and large decreases were shown in each month of 1935 until November.

Livestock decreased 38.60% in revenue and 39.11% in tonnage, due to drought conditions in 1934, which forced the movement out of our territory during that year. Total receipts of livestock at the eight primary markets on the line decreased 15,953,960 head, 32.02%, while receipts by truck decreased 6,611,511 head, 31.06%.

Bituminous coal increased 798,022 tons, 13.37%, and in revenue $1,351,336, 15.54%. System loadings increased 593,812 tons, 14.31%, while receipts from connections increased 204,210 tons, 11.22%. Tonnage originated was the same as the previous year, i. e., 70% of the total handled.

Forest products increased 263,113 tons, 24.57%, and in revenue $852,943, 28.55%.

Manufactures and miscellaneous freight increased 623,932 tons, 9.69%, the increase being largely in iron and steel, automobiles, tractors and agricultural implements.

EXPLANATION OF PASSENGER INCREASE:

For the second time since 1923, there was an increase in passenger revenue. The increase in 1935 amounted to $228,863, or 3.4%, over 1934. Passenger revenue showed a decrease during the five months, June to October, because of two things: First, the comparison being with a year when $600,000 Century of Progress business was handled; and second, on account of washouts which occurred the last day of May and during June, there was serious interruption to through passenger service.

The continuation throughout 1935 of the reduction in basic passenger fares, together with the popularity of the Zephyr trains, a marked increase in long haul summer tourist traffic, and somewhat improved economic conditions, brought an increase of 361,355, or 12.9%, in passengers carried (exclusive of commutation). The average distance traveled per passenger was 11% less, indicating the effectiveness of our lower fares and Zephyr trains in the recovery of short haul traffic, especially when we consider that our long haul summer tourist traffic was much better last year than in 1934. Passengers carried one mile increased 0.3%.

This is the eleventh year for Burlington Escorted Tours, operated jointly with the Great Northern and Northern Pacific; 2,566 passengers were handled—an increase of 347, or 15.6% over 1934.

OPERATING EXPENSES:

The continued low level of gross revenues again made it necessary to hold expenses to the minimum in all departments. During the year 98.59 miles of new 112-lb. rail and 7.03 miles of second-hand 110-lb., 100-lb. and 90-lb. rail were laid in the principal main lines. A most destructive flood occurred May 31 and June 1 in the Republican River valley of southwestern Nebraska. Other streams in eastern Colorado and northwestern Kansas were also involved. Through service on the Chicago-Denver line was interrupted May 31 to June 23, and on some of the branch lines for an even longer time. The cost of flood restoration and of the work done to prevent damage to property and interruption to traffic in the future amounted to $2,403,906.20. The main line now

is decidedly stronger and more secure against flood damage than it ever has been.

Rolling stock has been kept up to the requirements of the available traffic which are more exacting than ever before. An improvement in the general condition of locomotives was accomplished, more miles of service being restored in maintenance than were absorbed in service requirements, 32,027,406 locomotive miles being run out and 33,291,700 restored through general repairs. Twenty-six locomotives, 42 passenger cars, 3,626 freight cars and 351 units of work equipment were dismantled and permanently retired from service.

The Texas type, 2-10-4 locomotive, which was equipped with roller bearings, disc wheels, 28-in. cylinders, for test in high speed freight service between Lincoln, Nebraska and Denver, Colorado, gave an excellent account of itself and during the year five additional locomotives were fitted up. These six engines are now handling four fast freight trains between Lincoln and Denver.

The three additional high speed, light weight, streamline Diesel powered trains referred to in last year's report were received. Two of them were placed in operation between Chicago and the Twin Cities on April 21, each making a single trip per day on a schedule of six and one-half hours between Chicago and St. Paul and seven hours between Chicago and Minneapolis. Because of the heavy patronage this service was increased, effective June 2, by each train making a round trip daily. The third of the new trains (the fourth Zephyr) was placed in service between St. Louis and Burlington on October 28. To December 31, 1935, the four trains of this type had made a total of 640,942 miles at a cost of less than half of that for conventional trains of the same capacity operated at the same speeds. The millionth mile of the Zephyrs, including mileage made on exhibition trips, was reached the first of May, 1936. The Chicago-Twin City service is still inadequate. During July and August approximately five thousand people applied for seats but could not be accommodated. To meet the situation, two additional six-car trains of the same type are being built and will be placed in service during the summer of 1936. Two ten-car streamline trains have been ordered for use between Chicago and Denver and will also be received during the summer of 1936.

In order to attract additional traffic and meet competition, air conditioning equipment was applied to 10 dining cars, 28 chair cars and 17 coaches.

By agreement with employe representatives, and in common with other railroads, the original 10 per cent reduction from all basic wages, which was made in 1932, was restored, 5 per cent by January 1, 1935, and the remaining 5 per cent on April 1, 1935, on which latter date the hourly earnings became as high as they were in the most prosperous years and, in some instances, higher than they ever were in railroad history.

Following a threatened strike of locomotive firemen, agreement was reached through mediation to employ a helper (fireman) on streamline, Diesel-Electric Zephyr type trains, effective December 9, 1935. This resulted in the addition of twenty employes at an annual cost of approximately $50,000. The operation of these trains is and always has been safeguarded by an automatic device known as a "dead man's

control," which will stop the train immediately should the engineer release the pressure exerted by his hand or foot. This device is similar to that used on subway and other multiple unit electric trains that operate on close headway.

EXPENDITURES (Capital):

During the year there was no construction of new lines.

There was a net credit to Capital Account due to abandonment of 17.60 miles of unprofitable branch lines and retirement of obsolete equipment, the net change being as follows:

For road		$ 58,375.05
For equipment	Cr.	1,795,664.10
For general		667.20
Total	Cr.	$1,736,621.85

There was expended on a program of strengthening and rebuilding important bridges, at the following points, $47,267.09, chargeable to Capital Account;

Chippewa River, Trevino, Wis.
Bogus Creek, Pepin, Wis.
Platte River, Denver, Colo.

The usual bridge program of improvement and replacement of pile trestles was carried out during the year, the total expenditure chargeable to Capital Account being $51,653.55.

Capital expenditure of $943,555.54 was incurred in changing alignment, raising grades and enlarging waterway openings, on account of floods chiefly in the Republican River Valley. It is estimated that an additional $152,145.00 charge to capital will be made in 1936 to complete these improvements.

ADDITIONS AND IMPROVEMENTS TO EQUIPMENT:

New Rolling Stock Delivered:

2—70' all steel air conditioned passenger coaches.
2—3 car unit Diesel-Electric Zephyr type passenger trains (660 HP engine mounted in forward section of first car).
1—4 car unit Diesel-Electric Zephyr type passenger train (660 HP engine mounted in forward section of first car).
1—Stainless steel car to enlarge original Zephyr train from 3 to 4 cars.
5—65 ton Cor-ten steel hopper cars.

Built in Company Shops:

1—4-6-4 Hudson type steam locomotive (Class S-4).
500—50 ton composite coal cars.

New Equipment on Order:

Outside Shops:

2—6 car Zephyr type passenger trains, each to be pulled by an 1800 HP Diesel-Electric locomotive.
2—10 car Zephyr type passenger trains, each to be pulled by a 3000 HP Diesel-Electric locomotive.
1—Scale test car.

To be Built or Purchased:

3—4-8-4 Mohawk type steam locomotives (Class O-5).
500—50 ton single sheathed box cars.
500—50 ton composite gondola cars.
250—55 ton all steel hopper cars.

Continuing the usual program for safe and economical operation, improvements have been made to locomotives and cars as follows:

Heavier frames and larger driving axles applied to 1 Class S-3 locomotive.
Roller bearings applied to driving wheels, engine and tender trucks, disc wheels to main drivers of 5 M-4-A high speed locomotives.
Converted from coal to oil burning 3 Class S-3 locomotives.
Disc wheels applied to main drivers to 12 Class M-2-A locomotives.
Roller bearings applied to engine trucks of 4 B-1-A locomotives.
Disc wheels on main drivers and roller bearings applied to 1 Class 0-5 locomotive.
Improved head lights applied to 24 freight locomotives.
Alemite lubrication applied to valve motion of 7 Class B locomotives.
Slope sheet extension applied to tenders of 26 locomotives.
Disc wheels applied to main drivers on 1 Class B-1-A locomotive.
Disc wheels applied to main drivers on 1 Class 0-3 locomotive.
Air conditioning equipment installed in 10 dining cars.
Air conditioning equipment installed in 28 chair cars.
Air conditioning equipment installed in 17 coaches.
For service in "Empire Builder," "North Coast Limited" and "Black Hawk" trains 4 coaches and 2 chair cars were modernized.
Cast steel truck pedestals applied to 5 passenger cars.
Armor plates were applied to 3 steel under-frame baggage cars.
Second hand axle generators were applied to 10 passenger cars.
Automobile loaders applied to 330 cars.
Additional chain assemblies applied to auto loaders in 185 automobile cars.
Additional facilities were applied to automobile loaders in 978 automobile cars.
"A. B." air brakes were applied to 226 box cars.
Cast steel truck sides applied to 1209 freight cars.
End reinforcement applied to 709 box cars.
Brake lever diagram badge plates applied to 2829 freight cars.
Inside lining was increased 15 inches in 233 box cars.
Steel ends were applied to 61 box cars.
Z-bar reinforcement applied to 352 composite gondola cars.
Steel steps applied to 83 way cars.
Steel platform floors applied to 65 way cars.

BURLINGTON TRANSPORTATION COMPANY:

During 1935 through bus service was inaugurated between Chicago and Los Angeles and San Francisco; line running from Omaha to St. Joseph was extended into Kansas City, Missouri; service between Denver and Ft. Collins, Colorado, was begun, to connect with through line at Cheyenne, Wyoming; and a line from Cheyenne, Wyoming, to Billings, Montana, was acquired. Burlington Transportation Company now has a comprehensive bus operation covering 6,214 highway miles, operating 735,000 bus miles per month, which provides an extensive highway passenger service, and in many instances has permitted the elimination of steam service at a substantial saving.

Highway truck service was inaugurated in September, 1935, through the purchase of existing truck lines, between Chicago and Omaha, Nebr., with feeder lines to a number of important points.

Operating loss in 1935 was $191,682.58, compared with $58,346.85 in 1934. With the period of rapid expansion during the last eighteen months ended, it is reasonable to believe that the results for the year 1936 will be materially improved.

PENSION DEPARTMENT:

As previously reported, your Board of Directors suspended on August 1, 1934, the application of the rules and regulations of the Pension Department to employes who were then in active service, pending the decision on the validity of the Railroad Retirement Act of 1934. The United States Supreme Court on May 6, 1935, declared the act unconstitutional and the rules and regulations of the Pension Department were restored effective July 1, 1935.

The following statement covers the operation of the pension plan for 1935 and since it was established, January 1, 1922:

	1935	From Jan. 1, 1922, to Dec. 31, 1935
Pension disbursements	$1,163,626.08	$10,947,619.35
Number pensioned	209	3,273
Number died	146	1,559
Number on roll Dec. 31, 1935	1,714	....
Average monthly pension	$58.48	....
Average retirement age	68 years	....
Average years' service	37 years	....

Seventeen per cent of those retired in 1922 and twenty-nine per cent of those retired in 1923 were pensioners on December 31, 1935.

RELIEF DEPARTMENT:

RECEIPTS

	1935	1934
Cash balance at beginning of year	$222,792.81	$ 98,212.55
Members' contributions	665,458.97	615,032.48
Interest on monthly balance (paid by R. R. Co.)	24,437.97	6,304.29
Income and profit from investments	59,915.25	55,700.00
Total	$972,605.00	$775,249.32

DISBURSEMENTS

	1935	1934
Death	$359,500.25	$337,194.28
Disability	197,739.62	215,062.23
Total	$557,239.87	$552,256.51

FEDERAL VALUATION WORK:

This work during 1935 consisted of complying with the requirements of the Interstate Commerce Commission, Bureau of Valuation, and cost $10,574.66.

INDUSTRIAL:

One hundred and thirty-nine new industrial leases were issued on railroad property during the year, sixty-five new industries were located on private property served by our tracks, twenty industries made additions to existing plants and nineteen new industries located on terminal trackage. Seventeen new industry tracks and extensions to existing tracks were built and seventeen temporary tracks for contractors were installed. There was a large amount of government building during the year in connection with PWA projects.

AGRICULTURE:

During 1935 an increase in acreage, better yields and higher prices combined to improve agricultural conditions in Burlington territory compared with the drouth year of 1934. Wheat production exceeded the previous year by 21%, corn production more than doubled, and hay and forage 80%. Despite injury from black stem rust, oat production was 270% of last year and barley exceeded 1934 over four times. Sugar beet acreage was reduced, but production slightly increased, and potato and other vegetable, truck and fruit crop producers had good yields. Only in the case of barley, hay and fruit, however, did production reach the five-year average. Governmental crop reduction activities in Burlington states retired 12,600,000 acres from use. On account of extreme feed shortages following the 1934 drouth, livestock liquidation continued. During the year the government purchased in Burlington states 273,600 cattle for slaughter and made unsecured loans to all needy stockmen for purchase of feeds. Due to liquidation of swine the spring pig crop was the smallest for many years, being 42% below the poor year of 1934. There were fewer cattle finished for market than in many years, and breeding herds of all kinds are greatly reduced from normal.

Livestock prices increased materially, more than offsetting late-in-the-year reductions in grain prices, so that combined farm income from crops and livestock, supplemented by $200,396,000 of government benefit payments, was substantially above that of the past few years. In addition, farmers in Burlington states borrowed $291,333,000 from government sources to finance their capital (farm) accounts (a reduction of $775,151,000 from the previous year), and $161,925,000 from government sources to finance current operations. Farmers purchased more farm machinery and consumption goods than for several years, paid some past due debts and renewed soil conservation and fertilizing activities.

During the year the Federal Public Works Administration appropriated $28,000,000 for the Central Nebraska Public Power and Irrigation (Tri-County) District. This project comprises 500,000 irrigable acres in Gosper, Phelps, Kearney and Adams Counties and is served largely by the CB&Q. Flood waters of the North Platte River are to be stored and used to generate 225,000,000 K.W.H. of electrical energy annually in addition to the irrigation. Contracts have been let for 96 miles of canal construction. Severe floods in southwest Nebraska early in the year served to focus attention on the need for further flood control and irrigation there. Eleven projects located there and elsewhere in Nebraska are under consideration. Construction of dams for the Casper-Alcova project in Wyoming progressed slowly. Subject to completed survey, $440,000 of PWA money was allotted to irrigate 15,000 acres in Owl Creek Valley; $1,500,000 was allotted to construction for the Hart Mountain project to irrigate 38,000 acres there; and $1,100,000 was allotted to irrigate 40,000 acres in Greybull valley. Areas affected by these are served exclusively by the CB&Q. A PWA grant to complete survey of the Colorado Transmountain project to bring 200,000 acre feet of supplemental irrigation water into northern Colorado was also made and $2,000,000 allotted to further improvement of the Riverton, Wyoming, area. This is served by the C&NW and CB&Q.

During the year the agricultural department cooperated with all agencies in promoting soil conservation, irrigation and better farming conditions in our territory.

SAFETY AWARDS:

In 1934 and again in 1935 the Valier Coal Company was given the "Holmes Safety Award" for its outstanding safety record.

On June 26, 1935, there was awarded to your Company the "E. H. Harriman Memorial Medal." This was founded by Mrs. Edward H. Harriman and three awards are made annually by The American Museum of Safety to stimulate a direct effort for the Conservation of Human Life. The Gold Medal presented to Burlington was "In Recognition of Its Outstanding Safety Record for the Year 1934 among Class I Railroads Operating Ten Million or More Locomotive Miles." A similar medal in Silver goes to a road which operates more than 1,000,000 and less than 10,000,000 locomotive miles, and one in Bronze to a road which operates less than 1,000,000 locomotive miles a year. It is especially gratifying that the safety record of the Burlington in 1935 was better than it was in 1934, although Burlington will not be given the Award for 1935; no road can win it two years in succession. In 1935 there was not a single fatality, resulting from train accident, to any of the seven and three-quarter million passengers who traveled a total of 425,000,000 miles on your road. The Board of Directors takes this opportunity to express its appreciation of the efficient and wholehearted cooperation of its officers and employes in establishing this record.

By order of the Board of Directors.

RALPH BUDD, President.

INVESTMENT IN ROAD AND EQUIPMENT, CURRENT YEAR

Account		Additions and Betterments.
Engineering	Cr.	$ 6,647.73
Land for transportation purposes		51,783.25
Grading		248,415.49
Tunnels and subways		16,468.22
Bridges, trestles and culverts		91,166.62
Ties	Cr.	224,912.54
Rails	Cr.	44,128.24
Other track material		271,665.99
Ballast		128,601.12
Track laying and surfacing	Cr.	90,451.89
Right-of-way fences	Cr.	24,183.16
Crossings and signs		46,679.49
Station and office buildings	Cr.	2,359.46
Roadway buildings	Cr.	11,904.29
Water stations	Cr.	58,855.98
Fuel stations	Cr.	20,520.97
Shops and engine houses	Cr.	92,173.73
Grain elevators		5,137.28
Storage warehouses		1,409.30
Wharves and docks		1,774.17
Telegraph and telephone lines	Cr.	23,048.61
Signals and interlockers	Cr.	78,150.86
Power plant buildings		323.04
Power sub-station buildings		264.85
Power transmission systems		2,605.75
Power distribution systems		6,917.34
Power line poles and fixtures		1,760.87
Underground conduits		29,927.11
Miscellaneous structures	Cr.	14,499.02
Paving		1,576.25
Roadway machines	Cr.	8,456.54
Roadway small tools	Cr.	605.76
Assessments for public improvements	Cr.	643.79
Other expenditures, road	Cr.	2,541.14
Shop machinery	Cr.	145,337.96
Power plant machinery	Cr.	574.72
Power sub-station apparatus		1,895.30
Total expenditures for road		$ 58,375.05
Steam locomotives	Cr.	$ 279,096.89
Other locomotives		8,900.58
Freight train cars	Cr.	2,484,487.30
Passenger train cars		1,073,600.72
Work equipment	Cr.	122,670.67
Miscellaneous equipment		8,089.46
Total expenditures for equipment	Cr.	$ 1,795,664.10
Interest during construction		$ 667.20
Grand total	Cr.	$ 1,736,621.85

There was no investment in New Lines and Extensions during the year.

Credits are due principally to accounting made in 1935 for abandonment of branch lines in 1934 and retirement of equipment in 1935 as follows:

Galesburg to Fairview, Ill.	$ 245,345.12
Winfield to Tracy, Ia.	780,213.84
Equipment retirements	4,082,929.37
	$ 5,108,488.33

EQUIPMENT

CLASS OF EQUIPMENT	Number on Dec. 31, 1934	Number Added During Year	Number Retired During Year	Number on Dec. 31, 1935	Average tractive power all locomotives and average capacity all freight cars
					Lbs.
Locomotives	1,068	20	34	1,054	48,338
					Lbs.
Freight-train cars:					
Box cars	24,526	.....	1,332	23,194	.....
Flat cars	1,889	.....	36	1,853	.....
Stock cars	4,901	.....	303	4,598	.....
Coal cars	14,117	505	1,892	12,730	.....
Caboose cars	607	.....	14	593	.....
Other freight-train cars	139	15	49	105	.....
All classes of freight-train cars	46,179	520	3,626	43,073	Tons 43.08
Passenger-train cars-see note					
Coaches	426	11	21	416	.....
Combination passenger cars	113	9	6	116	.....
Other combination cars	96	5	8	93	.....
Parlor cars	18	3	.....	21	.....
Dining cars	35	.....	2	33	.....
Baggage and express cars	235	1	9	227	.....
Postal cars	32	2	.....	34	.....
All classes of passenger-train cars	955	31	46	940	.....
Company service cars:					
Officers' cars	19	.....	1	18	.....
Ballast cars	1,025	393	132	1,286	.....
Derrick cars	9	1	2	8	.....
Steam shovels	6	.....	.....	6	.....
Wrecking cars	20	.....	.....	20	.....
Other company service cars	2,188	242	217	2,213	.....
All classes of company service cars	3,267	636	352	3,551	.....
All classes of cars in service	50,401	1,187	4,024	47,564	.....

NOTE: Coaches include 3 motor cars and 28 trailer cars.
Combination passenger cars include 35 motor cars and 6 trailer cars.
Other combination cars include 23 motor cars and 9 trailer cars.

LEASED EQUIPMENT

CLASS OF EQUIPMENT	Number Under Lease on Dec. 31, 1934	Number Leased During Year	Number Withdrawn from Lease During Year	Number Under Lease on Dec. 31, 1935
Locomotives	19	.....	19	.....
Pass. train cars	14	.....	14	.....
Refrigerator cars*	1,980	.....	150	1,830

*Leased to Burlington Refrigerator Express Company.

GENERAL BALANCE SHEET

December 31, 1935

ASSETS

Investments:		
Investment in road and equipment		$586,511,012.67
Improvements on leased railway property		14,703.19
Deposits in lieu of mortgaged property sold		148,137.00
Miscellaneous physical property		763,357.18
Investments in affiliated companies:		
Stocks	$31,932,631.16	
Bonds	489,670.78	
Notes	3,685,815.17	
Advances	10,221,216.89	46,329,334.00
Other investments:		
Stocks	$ 3,747,370.68	
Bonds	169,360.00	
Notes	344,293.33	
Advances	2,500.00	
Miscellaneous	3,806.00	4,267,330.01
Total investments (capital assets)		$638,033,874.05
Current assets:		
Cash	$10,393,399.11	
Time drafts and deposits	339,034.75	
Special deposits	1,500.00	
Loans and bills receivable	131,099.54	
Traffic and car service balances receivable	889,680.95	
Net balance receivable from agents and conductors	1,065,154.51	
Miscellaneous accounts receivable	2,666,431.96	
Material and supplies	7,591,010.34	
Interest and dividends receivable	73,322.84	
Rents receivable	24,885.00	
Other current assets	53,126.29	
Total current assets		23,228,645.29
Deferred assets:		
Working fund advances	$ 43,636.39	
Other deferred assets	168,799.07	
Total deferred assets		212,435.46
Unadjusted debits:		
Insurance premium paid in advance	$ 37,500.82	
Discount on funded debt	4,558,749.04	
Other unadjusted debits	1,822,357.89	
Total unadjusted debits		6,418,607.75
Grand total		$667,893,562.55

GENERAL BALANCE SHEET

December 31, 1935

LIABILITIES

Capital stock:		
Common stock		$170,839,100.00
Long term debt:		
Funded debt unmatured:		
First & Refunding Mortgage Series "A" 5's.	$ 40,000,000.00	
First & Refunding Mortgage Series "B" 4½'s	30,000,000.00	
General Mortgage 4's	93,414,000.00	
Illinois Division Mortgage 3½'s	50,835,000.00	
Illinois Division Mortgage 4's	34,165,000.00	
Total issued	$248,414,000.00	
Less held by or for the company	28,742,000.00	
Total long term debt outstanding		219,672,000.00
Current Liabilities:		
Traffic and car-service balances payable	$ 1,509,733.18	
Audited accounts and wages payable	4,415,458.52	
Miscellaneous accounts payable	1,091,280.22	
Interest matured unpaid	956,522.00	
Funded debt matured unpaid	2,600.00	
Unmatured interest accrued	2,265,793.33	
Other current liabilities	253,674.38	
Total current liabilities		10,495,061.63
Deferred liabilities:		
Other deferred liabilities		78,480.57
Unadjusted credits:		
Tax liability	$ 4,160,057.46	
Insurance and casualty reserves	1,410,000.19	
Accrued depreciation-equipment	65,500,265.15	
Other unadjusted credits	1,739,342.30	
Total unadjusted credits		72,809,665.10
Corporate surplus:		
Additions to property through income and surplus	$ 758,137.50	
Funded debt retired through income	44,044,176.95	
Sinking fund reserves	600.00	
Profit and loss	149,196,340.80	
Total corporate surplus		193,999,255.25
Grand total		$667,893,562.55

CAPITAL LIABILITIES OF THE CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

Designation of Obligation	Term		Total par value authorized	Total nominally or actually outstanding	Nominally outstanding held by or for Company	Actually outstanding in hands of public	Dividends or Interest		
	Date of issue	Date of maturity					Rate	When payable	Dividends declared and interest accrued during year
CAPITAL STOCK			$170,839,100	$170,839,100		*$170,839,100	2%	Dec. 28	$ 3,416,774.00
MORTGAGE BONDS									
First and Refunding Mortgage:									
Series A	Aug. 1, 1921	Feb. 1, 1971	$ 40,000,000	$ 40,000,000		$ 40,000,000	5	F. & A.	$ 2,000,000.00
Series B	Feb. 1, 1927	Feb. 1, 1977	30,000,000	30,000,000		30,000,000	4½	F. & A.	1,350,000.00
General Mortgage	Mar. 2, 1908	Mar. 1, 1958	93,414,000	93,414,000	†$28,167,000	65,247,000	4	M. & S.	2,609,880.00
Illinois Division Mortgage	July 1, 1899	July 1, 1949	50,835,000	50,835,000	386,000	50,449,000	3½	J. & J.	1,765,715.00
Illinois Division Mortgage	July 1, 1899	July 1, 1949	34,165,000	34,165,000	189,000	33,976,000	4	J. & J.	1,359,040.00
Total Debt			$248,414,000	$248,414,000	$28,742,000	$219,672,000			$ 9,084,635.00

*Includes $400 scrip on which no dividends are paid.

†Includes $18,294,000 bonds pledged under First and Refunding Mortgage and $2,000,000 bonds pledged as collateral to secure performance by The Colorado and Southern Railway Company of obligations under agreement with Reconstruction Finance Corporation in connection with extension of maturity of its Refunding and Extension Bonds, May 1, 1935, to May 1, 1945.

DESCRIPTION OF MORTGAGES

The total par value of unmatured funded debt actually or nominally outstanding is:

Actually outstanding in hands of public	$219,672,000
Nominally outstanding, held for or by the company	28,742,000
	$248,414,000

First and Refunding Mortgage

This mortgage is a lien on the total mileage of main and branch lines owned by this Company, having an aggregate length of 8,649.93 miles, situated in the states of Illinois, Wisconsin, Minnesota, Iowa, Missouri, Nebraska, Kansas, Colorado, South Dakota, Wyoming and Montana, and on all property and equipment appurtenant thereto, and includes its terminals in Chicago, Aurora, Galesburg, Peoria and East St. Louis in Illinois; St. Paul and Winona in Minnesota; St. Louis, Hannibal, Kansas City and St. Joseph in Missouri; Clinton, Dubuque, Burlington, Ottumwa, Des Moines and Council Bluffs in Iowa; Omaha and Lincoln in Nebraska; Denver in Colorado, and elsewhere. This lien is subject to the prior liens of the mortgages described below:

	Miles
The mortgage covers	8,649.93
Of which there are subject to prior liens	
Of the General Mortgage only	6,545.14
Of the General Mortgage and the Illinois Division Mortgage	1,621.69

As further security for bonds issued under this mortgage, there are pledged all right and title of this Company to the stock, which it now owns, of bridge, depot and terminal companies, and of the Davenport, Rock Island and North Western Railway Company and The Colorado and Southern Railway Company (305,262 shares of the latter being subject, also, to the lien of the General Mortgage and 7,000 shares of the Chicago Union Station Company being subject to lien of the Illinois Division Mortgage); also $18,294,000 General Mortgage bonds.

Bonds issued under this mortgage may be redeemed, as a whole, by the company on 60 days' notice, on any interest date, as follows:

Series A at 107½ and accrued interest, February 1, 1942, to August 1, 1951; at 105 and accrued interest, February 1, 1952, to August 1, 1961; at 103 and accrued interest, February 1, 1962, to August 1, 1970.

Series B at 105 and accrued interest, February 1, 1952, to August 1, 1966; at 103 and accrued interest, February 1, 1967, to August 1, 1976.

No Changes During Year

General Mortgage

This mortgage is a lien on 8,166.83 miles of this Company's main and branch lines, including terminals, equipment and property appurtenant thereto, situated in the states of Illinois, Wisconsin, Minnesota, Iowa, Missouri, Nebraska, Kansas, Colorado, South Dakota, Wyoming and Montana, subject as to a certain part, to the lien of the Illinois Division Mortgage.

	Miles
The mortgage covers	8,166.83
Of which there are subject to the prior lien of the Illinois Division Mortgage	1,621.69

This mortgage is also secured by the deposit, with the trustee, of 305,262 shares of the capital stock of The Colorado and Southern Railway Company.

No Changes During Year

Illinois Division Mortgage

This mortgage is a first lien on 1,621.69 miles of this Company's main and branch lines situated in the states of Illinois, Wisconsin and Minnesota and on the Company's terminals in Chicago and points on and east of the Mississippi River.

This mortgage is also secured by the deposit with the trustee of 7,000 shares of the capital stock of the Chicago Union Station Company.

These bonds may be redeemed, as a whole, by the company on six months' notice, at 105 and accrued interest, upon any interest day.

No Changes During Year

MILEAGE

Owned	Miles of Road	Second Track	Third Track	Fourth Track	Yard Tracks & Sidings*	Total
Colorado	395.56	.47	.....	.....	173.68	569.71
Illinois	1,629.07	472.21	40.89	5.43	1,146.50	3,294.10
Iowa	1,218.60	245.74	.....	.....	336.86	1,801.20
Kansas	221.91	.....	.....	.....	28.66	250.57
Minnesota	23.09	2.71	.....	.....	43.10	68.90
Missouri	1,122.76	112.81	.....	.....	429.73	1,665.30
Montana	134.38	.....	.....	.....	47.26	181.64
Nebraska	2,823.99	26.40	.....	.....	852.52	3,702.91
South Dakota	174.69	.....	.....	.....	59.67	234.36
Wisconsin	228.10	211.15	.....	.....	79.92	519.17
Wyoming	677.78	.....	.....	.....	242.70	920.48
Total	8,649.93	1,071.49	40.89	5.43	3,440.60	13,208.34
Operated under lease or contract	377.66	126.08	.76	.76	377.84	883.10
Grand Total	9,027.59	1,197.57	41.65	6.19	3,818.44	14,091.44

*Includes yard tracks and sidings owned but not operated as follows: Colorado 1.16 miles, Illinois .92 miles, Iowa .70 miles, total 2.78.

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31

	1935	1934	Increase	Decrease
TRANSPORTATION:				
Freight	$ 66,817,188.77	$ 64,815,017.90	$ 2,002,170.87	
Passenger	6,978,101.05	6,749,237.57	228,863.48	
Excess baggage	27,390.78	27,654.95		$ 264.17
Parlor and chair car	30,047.45	17,859.46	12,187.99	
Mail	3,873,391.51	3,685,394.37	187,997.14	
Express	1,515,516.01	1,603,841.09		88,325.08
Other passenger train	161,526.28	109,807.72	51,718.56	
Milk	154,091.36	172,944.10		18,852.74
Switching	1,593,239.02	1,519,627.68	73,611.34	
Special service train	10,473.73	6,187.97	4,285.76	
Other freight train	5,997.53	3,026.45	2,971.08	
Total	$ 81,166,963.49	$ 78,710,599.26	2,456,364.23	
INCIDENTAL:				
Dining and buffet	$ 388,524.81	$ 347,788.89	$ 40,735.92	
Hotel and restaurant	56,346.45	47,762.76	8,583.69	
Station and train privileges	20,911.07	21,377.21		$ 466.14
Parcel room	2,420.10	2,418.84	1.26	
Storage—Freight	14,748.49	15,658.68		910.19
Storage—Baggage	1,735.73	2,202.57		466.84
Demurrage	89,755.45	86,154.62	3,600.83	
Telegraph and telephone	141,131.94	136,816.39	4,315.55	
Stock Yards	151,431.39	151,360.20	71.19	
Power	68,821.70	59,247.01	9,574.69	
Rents of buildings and other property	164,697.89	162,452.85	2,245.04	
Miscellaneous	192,884.01	99,893.85	92,990.16	
Total	$ 1,293,409.03	$ 1,133,133.87	$ 160,275.16	
Joint facility—Cr.	$ 469,648.10	$ 447,012.92	$ 22,635.18	
Joint facility—Dr.	Dr. 4,811.95	Dr. 2,586.94		$ 2,225.01
Total	$ 464,836.15	$ 444,425.98	$ 20,410.17	
Total railway operating revenues	$ 82,925,208.67	$ 80,288,159.11	$ 2,637,049.56	

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31—Cont.

	1935	1934	Increase	Decrease
MAINTENANCE OF WAY AND STRUCTURES				
Superintendence	$ 975,940.41	$ 842,299.59	$ 133,640.82	
Roadway maintenance	762,199.33	646,334.56	115,864.77	
Tunnels and subways	3,361.64	3,753.68		$ 392.04
Bridges, trestles and culverts	573,367.94	501,881.51	71,486.43	
Ties	2,006,328.53	1,575,452.21	430,876.32	
Rails	432,732.08	516,038.69		83,306.61
Other track material	809,671.68	812,269.17		2,597.49
Ballast	150,484.39	159,504.90		9,020.51
Track laying and surfacing	2,540,912.35	2,198,973.60	341,938.75	
Right-of-way fences	108,363.49	133,151.15		24,787.66
Snow and sand fences and snowsheds	5,623.43	4,525.70	1,097.73	
Crossings and signs	172,999.87	175,755.26		2,755.39
Station and office buildings	339,681.01	369,541.88		29,860.87
Roadway buildings	58,671.04	52,511.03	6,160.01	
Water stations	174,565.85	153,537.66	21,028.19	
Fuel stations	87,478.75	68,605.27	18,873.48	
Shops and engine houses	342,873.84	348,038.03		5,164.19
Wharves and docks	12,253.59	3,135.14	9,118.45	
Telegraph and telephone lines	Cr. 9,382.97	20,915.36		30,298.33
Signals and interlockers	394,156.94	340,236.19	53,920.75	
Power plant buildings	8,986.05	3,158.82	5,827.23	
Power transmission systems	1,210.60		1,210.60	
Power distribution systems	3,929.05	9,671.68		5,742.63
Power line poles and fixtures	3,474.19	5,547.39		2,073.20
Underground conduits	225.52		225.52	
Miscellaneous structures	29,842.64	42,801.41		12,958.77
Paving	3,644.31	46.33	3,597.98	
Roadway machines	173,969.19	161,962.78	12,006.41	
Small tools and supplies	134,877.85	120,982.49	13,895.36	
Removing snow, ice and sand	84,320.51	78,357.41	5,963.10	
Assessments for public improvements	7,387.33	5,607.67	1,779.66	

Injuries to persons	$ 62,953.40	$ 96,393.26		$ 33,439.86
Insurance	25,650.64	26,988.08		1,337.44
Stationery and printing	12,777.11	13,932.33		1,155.22
Other expenses	521.22	3,207.65		2,686.43
Maintaining joint tracks, yards and other facilities–Dr.	493,070.43	494,548.81		1,478.38
Maintaining joint tracks, yards and other facilities–Cr.	Cr. 164,541.99	Cr. 129,339.81		35,202.18
Total	$ 10,824,581.24	$ 9,860,326.88	$ 964,254.36	
MAINTENANCE OF EQUIPMENT				
Superintendence	$ 604,742.28	$ 538,023.62	$ 66,718.66	
Shop machinery	303,983.13	323,542.58		$ 19,559.45
Power plant machinery	52,627.34	50,929.07	1,698.27	
Steam locomotive –Repairs	4,393,762.45	3,935,303.71	458,458.74	
Other locomotive –Repairs	21,514.71	8,899.04	12,615.67	
Freight train cars –Repairs	3,151,966.60	2,875,712.19	276,254.41	
Passenger train cars –Repairs	1,110,769.80	1,028,290.27	82,479.53	
Work equipment –Repairs	345,160.06	251,720.33	93,439.73	
Miscellaneous equipment –Repairs	4,575.22	4,695.56		120.34
Injuries to persons	77,580.18	53,982.49	23,597.69	
Insurance	42,885.49	47,529.61		4,644.12
Stationery and printing	10,241.09	9,424.58	816.51	
Other expenses	2,244.64	2,601.16		356.52
Maintaining joint equipment –Dr	154,104.45	141,894.63	12,209.82	
Maintaining joint equipment –Cr	Cr. 27,823.22	Cr. 15,815.23		12,007.99
Total	$ 10,248,334.22	$ 9,256,733.61	$ 991,600.61	
Equipment –Retirements	$ 60,223.35	$ 12,060.92	$ 48,162.43	
Equipment –Depreciation	4,641,962.23	3,162,594.65	1,479,367.58	
Total	$ 4,702,185.58	$ 3,174,655.57	$ 1,527,530.01	
Total	$ 14,950,519.80	$ 12,431,389.18	$ 2,519,130.62	

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31—Cont.

	1935	1934	Increase	Decrease
Traffic				
Superintendence	$ 751,095.79	$ 712,100.16	$ 38,995.63	
Outside agencies	1,143,225.22	1,071,358.70	71,866.52	
Advertising	416,821.83	460,535.36		$ 43,713.53
Traffic associations	77,521.69	66,578.43	10,943.26	
Industrial and immigration bureaus	22,194.35	28,193.18		5,998.83
Insurance	343.30	548.99		205.69
Stationery and printing	180,691.47	183,307.92		2,616.45
Other expenses	8,574.53	5,039.85	3,534.68	
Total	$ 2,600,468.18	$ 2,527,662.59	$ 72,805.59	
Transportation				
Superintendence	$ 845,661.20	$ 773,548.27	$ 72,112.93	
Dispatching trains	473,847.45	433,735.47	40,111.98	
Station employes	4,468,652.28	4,238,866.97	229,785.31	
Weighing, inspection and demurrage bureaus	129,720.39	137,495.32		$ 7,774.93
Station supplies and expenses	288,582.24	269,113.14	19,469.10	
Yardmasters and yard clerks	691,522.99	638,695.40	52,827.59	
Yard conductors and brakemen	2,106,889.48	1,901,008.14	205,881.34	
Yard switch and signal tenders	117,025.90	111,569.60	5,456.30	
Yard enginemen	1,391,956.38	1,259,673.56	132,282.82	
Fuel for yard locomotives	591,520.78	564,529.43	26,991.35	
Water for yard locomotives	73,313.68	68,246.25	5,067.43	
Lubricants for yard locomotives	16,067.27	16,165.09		97.82
Other supplies for yard locomotives	19,126.42	17,348.06	1,778.36	
Enginehouse expenses—Yard	263,167.27	251,192.42	11,974.85	
Yard supplies and expenses	46,703.11	45,096.14	1,606.97	
Operating joint yards and terminals—Dr.	1,363,812.08	1,290,813.19	72,998.89	
Operating joint yards and terminals—Cr.	Cr. 151,682.38	Cr. 132,367.74		19,314.64
Train enginemen	4,060,501.18	3,620,536.01	439,965.17	
Train motormen	256,107.30	228,291.87	27,815.43	

Fuel for train locomotives	$ 3,922,244.15	$ 3,659,463.19	$ 262,780.96	
Water for train locomotives	373,734.77	357,758.74	15,976.03	
Lubricants for train locomotives	109,660.21	113,293.10		$ 3,632.89
Other supplies for train locomotives	74,191.48	68,143.07	6,048.41	
Enginehouse expenses—Train	817,510.08	767,011.18	50,498.90	
Trainmen	4,693,406.04	4,188,120.41	505,285.63	
Train supplies and expenses	1,781,134.68	1,687,693.57	93,441.11	
Signal and interlocker operations	423,958.36	416,371.83	7,586.53	
Crossing protection	274,920.04	251,601.26	23,318.78	
Drawbridge operation	14,130.19	12,327.76	1,802.43	
Telegraph and telephone operation	270,671.40	247,291.58	23,379.82	
Stationery and printing	118,928.11	105,763.54	13,164.57	
Other expenses	25,019.48	40,644.82		15,625.34
Operating joint tracks and facilities—Dr.	307,992.48	293,108.75	14,883.73	
Operating joint tracks and facilities—Cr.	Cr. 193,265.30	Cr. 182,783.18		10,482.12
Insurance	11,822.34	13,010.17		1,187.83
Clearing wrecks	42,196.51	29,908.85	12,287.66	
Damage to property	56,950.92	76,101.82		19,150.90
Damage to live stock on right-of-way	76,569.15	62,108.00	14,461.15	
Loss and damage—Freight	354,284.37	333,854.48	20,429.89	
Loss and damage—Baggage	936.68	1,270.71		334.03
Injuries to persons	234,840.50	288,945.21		54,104.71
Total	$ 30,844,331.66	$ 28,564,565.45	$ 2,279,766.21	
Miscellaneous Operations				
Dining and buffet service	$ 679,985.90	$ 564,315.63	$ 115,670.27	
Hotels and restaurants	58,153.28	45,309.96	12,843.32	
Stockyards	119,591.93	106,264.75	13,327.18	
Producing power sold	33,989.21	25,643.63	8,345.58	
Total	$ 891,720.32	$ 741,533.97	$ 150,186.35	
General				
Salaries and expenses of general officers	$ 233,701.49	$ 202,188.52	$ 31,512.97	
Salaries and expenses of clerks and attendants	1,461,839.21	1,385,149.27	76,689.94	
General office supplies and expenses	78,869.07	78,102.11	766.96	
Law expenses	223,307.94	220,796.38	2,511.56	
Insurance	2,280.89	947.28	1,333.61	
Relief department expenses	80,949.72	76,406.13	4,543.59	

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31—Cont.

	1935	1934	Increase	Decrease
General—Cont.				
Pensions (See Note)	$ 542,287.56	$ 1,795,207.59		$ 1,252,920.03
Stationery and printing	43,963.80	48,759.37		4,795.57
Valuation expenses	10,574.66	71,495.91		60,921.25
Other expenses	85,415.80	114,716.64		29,300.84
General joint facilities —Dr.	44,927.80	93,995.04		49,067.24
General joint facilities —Cr.	Dr. 2,079.10	Cr. 5,529.99	$ 7,609.09	
Total	$ 2,810,197.04	$ 4,082,234.25		$ 1,272,037.21
Transportation for investment —Credit	Cr. 377,434.48	Cr. 199,729.73		177,704.75
Total operating expenses	$ 62,544,383.76	$ 58,007,982.59	$ 4,536,401.17	
Operating Ratio	75.42%	72.25%	3.17	
Net Revenue from Railway Operations	$ 20,380,824.91	$ 22,280,176.52		$ 1,899,351.61
Railway tax accruals	$ 5,983,920.25	$ 5,783,596.67	$ 200,323.58	
Uncollectible Railway Revenues	23,229.28	25,123.45		1,894.17
Railway Operating Income	$ 14,373,675.38	$ 16,471,456.40		$ 2,097,781.02
Rent Income				
Rent from equipment	$ 334,832.36	$ 232,645.72	$ 102,186.64	
Joint facility rent income	554,562.57	522,541.23	32,021.34	
Total rent income	$ 889,394.93	$ 755,186.95	$ 134,207.98	
Rents Payable				
Rent for equipment	$ 2,288,966.38	$ 1,912,357.76	$ 376,608.62	
Joint facility rents	2,745,749.10	2,663,349.23	82,399.87	
Total rents payable	$ 5,034,715.48	$ 4,575,706.99	$ 459,008.49	
Net rents	Dr.$ 4,145,320.55	Dr.$ 3,820,520.04		$ 324,800.51
Net Railway Operating Income	$ 10,228,354.83	$ 12,650,936.36		$ 2,422,581.53

Note—Decrease in pensions due to inclusion in 1934 of amount accrued under the Federal Pension Law, since declared unconstitutional, credited to this account in 1935.

OTHER INCOME				
Income from lease of road	$ 7,168.07	$ 7,300.76		$ 132.69
Miscellaneous rent income	697,661.89	694,090.17	$ 3,571.72	
Miscellaneous non-operating physical property	10,095.43	13,555.45		3,460.02
Dividend income	164,398.84	223,176.38		58,777.54
Income from funded securities	171,119.99	266,901.26		95,781.27
Income from unfunded securities and accounts	27,709.49	47,266.79		19,557.30
Miscellaneous income	2,739.73	1,877.30	862.43	
Total other income	$ 1,080,893.44	$ 1,254,168.11		$ 173,274.67
Total income	$ 11,309,248.27	$ 13,905,104.47		$ 2,595,856.20
MISCELLANEOUS DEDUCTIONS FROM INCOME				
Miscellaneous rents	$ 20,990.77	$ 19,329.38	$ 1,661.39	
Miscellaneous tax accruals	11,411.44	8,557.90	2,853.54	
Miscellaneous income charges	5,842.90	7,735.30		$ 1,892.40
Total miscellaneous deductions	$ 38,245.11	$ 35,622.58	$ 2,622.53	
Income available for fixed charges	$ 11,271,003.16	$ 13,869,481.89		$ 2,598,478.73
FIXED CHARGES				
Rent for leased roads	$ 152,691.62	$ 150,541.86	$ 2,149.76	
Interest on funded debt	9,084,635.00	9,084,635.00		
Interest on unfunded debt	45,561.70	34,273.82	11,287.88	
Amortization of discount on funded debt	145,271.04	145,271.04		
Total fixed charges	$ 9,428,159.36	$ 9,414,721.72	$ 13,437.64	
Net income	$ 1,842,843.80	$ 4,454,760.17		$ 2,611,916.37
Income balance transferred to Profit and Loss	$ 1,842,843.80	$ 4,454,760.17		$ 2,611,916.37

COMPARATIVE STATEMENT OF PROFIT AND LOSS FOR YEARS ENDED DECEMBER 31

	1935	1934	INCREASE	DECREASE
DEBITS:				
Dividend appropriations of surplus	$ 3,416,774.00	$ 5,125,161.00		$ 1,708,387.00
Surplus appropriated for investment in physical property	79,849.24	13,786.69	$ 66,062.55	
Debits from retired road and equipment	2,009,696.10	4,232,129.26		2,222,433.16
Delayed income debits		1,894,957.59		1,894,957.59
Miscellaneous debits	1,701,675.84	415,522.27	1,286,153.57	
Credit balance carried to balance sheet	149,196,340.80	154,526,353.67		5,330,012.87
	$156,404,335.98	$166,207,910.48		$ 9,803,574.50
CREDITS:				
Credit balance at beginning of year	$154,526,353.67	$161,416,721.09		$ 6,890,367.42
Credit balance transferred from income	1,842,843.80	4,454,760.17		2,611,916.37
Credit from retired road and equipment	Dr. 721.06	Dr. 5,764.59	$ 5,043.53	
Unrefundable overcharges	3,170.77	4,438.19		1,267.42
Donations	79,849.24	13,786.69	66,062.55	
Miscellaneous credits	Dr. 47,160.44	323,968.93		371,129.37
	$156,404,335.98	$166,207,910.48		$ 9,803,574.50

QUINCY, OMAHA & KANSAS CITY RAILROAD COMPANY

COMPARATIVE STATEMENT OF INCOME

YEARS ENDED DECEMBER 31

Percent of Ry. Oper. Revenue	1935	RAILWAY OPERATING REVENUES	1934	Percent of Ry. Oper. Revenue
83.70	$323,856.88	Freight	$ 296,743.31	82.48
4.34	16,806.81	Passenger	15,690.70	4.36
9.14	35,385.33	Mail	35,989.35	10.00
1.24	4,786.86	Express	5,161.61	1.44
.90	3,464.35	All other transportation	3,622.93	1.01
.68	2,636.64	Incidental	2,568.45	.71
100.00	$386,936.87	Total railway operating revenues	$ 359,776.35	100.00
		RAILWAY OPERATING EXPENSES		
38.98	$150,829.98	Maintenance of way and structures	$ 122,493.52	34.05
13.21	51,096.31	Maintenance of equipment	40,703.34	11.31
1.10	4,252.29	Traffic	3,906.92	1.09
44.65	172,763.01	Transportation	166,463.90	46.27
4.56	17,665.25	General	22,469.59	6.24
Cr. .14	Cr. 555.00	Transportation for investment—Credit	Cr. 885.22	Cr. .25
102.36	$396,051.84	Total railway operating expenses	$ 355,152.05	98.71
Dr.2.36	Dr.$ 9,114.97	Net revenue from railway operations	$ 4,624.30	1.29
.....	$ 47,778.00	Railway tax accruals	$ 48,789.30	.....
.....	35.34	Uncollectible railway revenues	1,168.40	.....
.....	Dr.$ 56,928.31	Railway operating income	Dr.$ 45,333.40	.....
.....	Dr. 9,493.36	Hire of equipment—Net	Dr. 9,371.62	.....
.....	Dr. 17,719.66	Joint facility rents—Net	Dr. 16,522.98	.....
.....	Dr.$ 84,141.33	Net railway operating income	Dr.$ 71,228.00	.....
		OTHER INCOME		
.....	$ 6,182.20	Miscellaneous rent income	$ 6,475.67	.....
.....	100.06	Income from unfunded sec. and accts.	145.26	.....
.....	20.00	Miscellaneous Income	.....	.....
.....	$ 6,302.26	Total other income	$ 6,620.93	.....
.....	Dr.$ 77,839.07	Total income	Dr.$ 64,607.07	.....
		MISCELLANEOUS DEDUCTIONS FROM INCOME		
.....	.....	Miscellaneous rents	$ 34.00	.....
.....	Dr.$ 77,839.07	Income balance transferred to profit & loss	Dr.$ 64,641.07	.....

1935